

ORIGINAL

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

MAILING ONLINE SERVICE

Docket No. MC98-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS STIREWALT TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T3-17-25 AND 27-34)

The United States Postal Service hereby provides the responses of witness Stirewalt to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-T3-17-24, filed on August 18, 1998, and OCA/USPS-T3-25 and 27-34, filed on August 21, 1998. Interrogatory OCA/USPS-T3-26 was redirected to witness Seckar.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

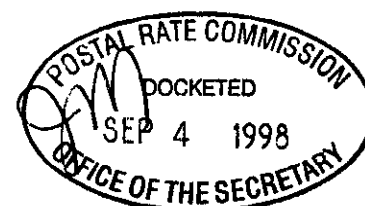
By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

David H. Rubin

David H. Rubin

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2986; Fax -5402
September 4, 1998



RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS STIREWALT
TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T3-17. Please refer to USPS-LR-1/MC98-1, page 3, where it states,

Postal Service personnel within the existing Postal Service
Information Systems Customer Support organization will handle the
technical help desk function for Mailing Online.

Please reconcile the statement quoted above with the following statement of
witness Garvey:

For the experimental Mailing Online service (MOL) all customer
support, education and training are to be handled through the
PostOffice Online Help Desk, a contracted telephone support
center. See response to OCA/USPS-T1-6.

RESPONSE

The first quote concerns the technical help desk at the Postal Service's San
Mateo information systems facility. Witness Garvey's statement concerns the
PostOffice Online customer help desk, which is run by a contractor.

The contractor fields calls regarding PostOffice Online, and not just Mailing
Online. In the event the contractor help desk fields an inquiry or reports a
problem that appears to be related to the operation of the Web server, computer
processing, or telecommunications, the contractor's help desk representative
then calls the San Mateo information systems customer support number.

The operation of the information systems customer support group is referred to
in my testimony as the "Technical Help Desk".

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OCA/USPS-T3-18. Please refer to USPS-LR-1/MC98-1, page 3.

- a. Please explain the relationship between “the technical help desk function for Mailing Online” and the PostOffice Online Help Desk.
- b. Please confirm that the costs of the PostOffice Online Help Desk related to Mailing Online service are computed separately from the technical help desk function for Mailing Online. If you do not confirm, please explain.
- c. Please confirm that the costs of all customer support, education and training to be provided by the PostOffice Online Help Desk during the experiential [sic] Mailing Online service are included in Attachments 1 and 2 of your testimony. If you do not confirm, please provide the costs of all customer support, education and training. If you do confirm, please identify where the costs of all customer support, education and training are accounted for in Attachments 1 and 2.

RESPONSE

- a. Refer to my response to OCA/USPS-T3-17.
- b. Confirmed that PostOffice Online help desk costs are separate from technical help desk costs.
- c. Not confirmed. Customer support, education, and training are not included in my estimates. My involvement is limited to estimating information technology costs. It is my understanding that the costs of customer support, education, and training for the Mailing Online experiment have not been estimated because they are costs shared with other parts of PostOffice Online, but see my response to OCA/USPS-T3-21(c).

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OCA/USPS-T3-19. Please refer to USPS-LR-1/MC98-1, page 3. Please confirm that the technical help desk function for Mailing Online will be operational during the expanded (market) test. If you do not confirm, please explain.

RESPONSE

Confirmed. The technical help desk will respond to questions related to Mailing Online.

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OCA/USPS-T3-20. Please refer to USPS-LR-1/MC98-1, and the table, Cost Summary, on page 5, revised July 23, 1998. Please provide the following for each "Cost Category" in the table, Cost Summary:

- a. Finance Number;
- b. Cost Account and Subaccount, and;
- c. Budget Authorization Code.

RESPONSE

Costs shown in my testimony do not correspond directly to money allocated to Finance numbers, Cost Accounts/Subaccounts, or Budget Authorization Codes.

The estimates in my testimony pertain to Mailing Online, and were developed independently of budget concerns. As such, the estimates do not correspond to a budget, project or cost plan for the PostOffice Online program. Information technology expenditures on the PostOffice Online project are not being tracked against the cost components in the Detailed Cost Estimates included in my testimony.

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OCA/USPS-T3-21. Please refer to USPS-LR-1/MC98-1, Attachment 1, page 11, concerning the Technical Help Desk Resource Years.

- a. Please confirm that the "Technical Help Desk Resource Years" is a subset of "Total Help Desk Resource Years." If you do not confirm, please explain.
- b. Please explain the difference, in terms of activities and responsibilities, between the "Help Desk" and the "Technical Help Desk."
- c. Please explain how the remaining 1.33 (2.66 - 1.33) of "Total Help Desk Resource Years" is related to the Mailing Online service.

RESPONSE

- a. Confirmed.
- b. Refer to my response to OCA/USPS-T3-17.
- c. While I did not attempt to estimate PostOffice Online help desk costs, this remainder could be interpreted as the estimated number of years associated with inquiries or problems that are called in by Mailing Online customers to the PostOffice Online help desk, but do not require referral to the technical help desk.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS STIREWALT
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OCA/USPS-T3-22. Please refer to USPS-LR-1/MC98-1, Attachment 1, page 11, concerning the Technical Help Desk Resource Years, and Attachment 2, page 12, Technical Help Desk.

- a. In Attachment 2, page 12, Technical Help Desk, in the line "Workstations" for "FIXED COSTS, YR 1999," please confirm that the number 3 in the column, "No. of Units," means that there will be 3 help desk staff members allocated to Mailing Online service in FY 1999, since each help desk staff member requires a computer workstation. If you do not confirm, please explain.
- b. In Attachment 2, page 12, Technical Help Desk, in the line "Workstations" for "FIXED COSTS, YR 1999," please confirm that the number 3 in the column, "No. of Units," means that there will be 3 resource years allocated to Mailing Online service in FY 1999, since one unit equals one resource year. If you do not confirm, please explain.
- c. Please confirm that the number 3 in the column, "No. of Units," found in Attachment 2, page 12, Technical Help Desk, in the line "Workstations" for "FIXED COSTS, YR 1999," is the rounded 2.66 "Total Help Desk Resource Years" found in Attachment 1, page 11, Technical Help Desk Resource Years for "YR 1999 Estimate." If you do not confirm, please explain.
- d. In Attachment 2, page 12, Technical Help Desk, in the line "Workstations" for "ANNUAL COSTS, YR 1999," please confirm that the "Unit Cost" and "No. of Units" should be \$6,000 and 3, respectively. If you do not confirm, please explain.

RESPONSE

- a. Not confirmed. Refer to my response to OCA/USPS-T3-1, Cost Component Sources/Derivations Worksheet, page 1, concerning cost components HD1, HD2, HD3 and HD4 for an explanation of how the "no. of units" for HD 1 is derived. The current San Mateo technical help desk has a staff assigned to perform the functions described in my response to interrogatory MASA/USPS-T3-6 in support of all the systems operated at the San Mateo computer

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OCA-T3-22, PAGE 2 OF 2

operations site. Individuals are not dedicated full-time in support of any one system, and my understanding is that this will continue to be the case. In my analysis, I determined the number of staff hours required to support Mailing Online, not the number of people.

b. Refer to my response to part (a) above.

c. Refer to my response to part (a) above.

d. Not confirmed. The unit cost for workstations is \$2,000 as shown in Attachment 2, HD 1, and HD 15. Number of units for 1999 is shown under "FIXED COSTS YR 1999", not "ANNUAL COSTS YR 1999".

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OCA/USPS-T3-23. Please refer to USPS-LR-1/MC98-1, Attachment 2, page 12, concerning the Technical Help Desk.

- a. In the line "Technical Help Desk Staff," for "ANNUAL COSTS, YR 1999," please confirm you are assuming 3 technical help desk employees will be allocated to Mailing Online service in FY 1999. If you do not confirm, please explain.
- b. In the line "Training for New Hires/Replacements," for "ANNUAL COSTS, YR 1999," please confirm you are assuming training for 2 new hires/replacements. If you do not confirm, please explain.
- c. In the line "Training for New Hires/Replacements," for "ANNUAL COSTS, YR 1999," please confirm that the "Unit Cost" and "No. of Units" should be \$3,000 and 3, respectively. If you do not confirm, please explain and identify where the training costs of \$1,000 for the third technical help desk employees is located in your workpapers.

RESPONSE

- a. Not confirmed. I estimated a total of three resource years would be required to support mailing Online. I did not estimate that three employees would be allocated. Refer to my response to OCA/USPS-T3-22(a) for more detail.
- b. Confirmed.
- c. Not confirmed. "Training for New Hires/Replacements," for "ANNUAL COSTS, YR 1999," (HD 5) "Unit Cost" and "No. of Units" are not \$3,000 and 3, respectively. Training for three Technical Help Desk staff members is estimated for "FIXED COSTS, YR 1999", with unit cost of \$1,000 and 3 units. The estimate for training two employees in 1999 shown under "ANNUAL COSTS, YR 1999" (HD 19) is based on the assumption that two staff members will leave and be replaced during 1999 by another two, who will need training. .

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OCA/USPS-T3-24. Please refer to your response to OCA/USPS-T3-1, page 1 of the "Cost Component Sources/Derivations Worksheet." In row 4, under the column "No. of Units Source/Derivation," it states

Attachment 1 Item 22 Technical Help Desk Resource Years; HD 13, HD 14 = Item #22, rounded to the nearest resource year. Due to the lack of empirical data regarding the amount of customer calls expected, one additional year was added.

For the "YR 1999 Estimate," item #22, Technical Help Desk Resource Years, is 1.33. For the "ANNUAL COSTS, YR 1999," HD 13 and HD 14 show 1 Technical Help Desk Manager and 3 Technical Help Desk Staff.

- a. Please identify the figure to which "one additional year was added."
- b. Please explain, and show in mathematical terms, how item #22 and HD 13 and HD 14 are related.

RESPONSE

- a. With the exception of 2001, at least one resource year was added to item #22 to produce a value for HD 14. Additional time was added to provide an estimate that would avoid understating costs.

	1999	2000	2001	2002	2003
Attachment 1, Item #22	1.33	1.80	2.57	3.26	3.02
Attachment 2, HD 14	3.00	3.00	3.00	5.00	5.00

- b. HD 14 is item 22 plus one rounded up, except for 2001, as shown in my response to part (a) above. There is no mathematical relationship between HD 13 and HD 14. A manager is assumed to be required to oversee the Technical Help Desk activity and is estimated as one resource in HD 13.

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OCA/USPS-T3-25. Please refer to USPS-LR-1/MC98-1, Attachment 1, page 6. Please confirm that the "YR 1999 Estimate" for the total annual number of Mailing Online transactions is 71,772 (5,981 users x 12 average customer sessions per user per year). If you do not confirm, please explain.

RESPONSE

a. Confirmed.

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OCA/USPS-T3-27. Please refer to USPS-LR-1/MC98-1, Attachment 1, page 6, at the line "Number of pages per Document."

- a. Please confirm that the term "Document" means the same as "pieces," as used in the testimonies of witnesses Seckar and Rothschild. If you do not confirm, please explain.
- b. Please explain how many impressions are associated with the figure 3.2.

RESPONSE

- a. Not confirmed. The term "Document" in my testimony refers to a document of one or more pages in electronic form. The term "Pieces" in my testimony refers to physical mail pieces. My understanding of Mr. Seckar's testimony is that the term "Document" refers to physical hard copy document except when qualified by the word "electronic". My understanding of witnesses Seckar's and Rothschild's testimonies is that the term "pieces" means the same as the term "piece" does in my testimony. My use of "document" is to estimate a size in bytes for purposes of determining computing and telecommunications capacities.
- b. Please refer to my response to part (a) above. In my estimates I defined a "Document" to represent a given estimated electronic data volume with assumed characteristics to determine computing and telecommunications capacities. Physical attributes of printed pages, including page size, and type of correspondence, have no relationship to my definition of "Document". I can therefore not associate a specific number of impressions with the figure 3.2.

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OCA/USPS-T3-28. Please refer to USPS-LR-1/MC98-1, Attachment 1, page 6. Please reconcile the "Number of pages per Document" of 3.2 with the number of impressions per piece of 6.7823. See interrogatory OCA/USPS-T2-10(a).

RESPONSE

As discussed in my response to OCA/USPS-T3-27, my number of pages per document and the number of impressions per piece that can be calculated from Mr. Seckar's analysis are not directly comparable. To the extent that these figures can be compared, the difference between witness Seckar's numbers and my average number of pages per document arises primarily from my using an average of 15 pages for the 7 percent of documents in the 15+ page range, versus Mr. Seckar's use of an average of 25 pages. In addition, depending on the physical page size, a page may consist of up to four impressions. Please refer to witness Seckar's response to interrogatory OCA/USPS-T2-10.

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OCA/USPS-T3-29. Please refer to USPS-LR-1/MC98-1, Attachment 1, page 6, and the line "Number of Bytes Per Page Word Processing/Desktop Publishing."

- a. Please confirm that, all other things being equal, a one-page document consisting of plain text would involve fewer bytes than a one-page document consisting of graphics. If you do not confirm, please explain.
- b. Please confirm that, all other things being equal, a one-page document having more bytes would cost more in terms of computing power, storage and transmission than a one-page document having fewer bytes. If you do not confirm, please explain.

RESPONSE

- a. Substantially confirmed. In general graphics files are larger than text files, but there may be counter-examples.
- b. Not confirmed. My testimony focuses on peak capacities. While larger file sizes may at some point require recalculation of these capacities, until that point is reached there would be no change in costs.

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OCA/USPS-T3-30. Please refer to USPS-LR-1/MC98-1, Attachment 1, page 7. Please confirm that the "Average mailing pieces per document" also represents the number of pieces per transaction. If you do not confirm, please explain.

RESPONSE

- a. Confirmed.

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OCA/USPS-T3-31. Please refer to USPS-LR-1/MC98-1, Attachment 1, page 11.

- a. For the "YR 1999 Estimate," please confirm that the costs of the Technical Help Desk are dependent upon the estimated number and duration of first-time calls and on-going calls per year. If you do not confirm, please explain.
- b. For the "YR 1999 Estimate," please confirm that the estimated number and duration of first-time calls and on-going calls to the Technical Help Desk are dependent upon an the estimated number of customers per year. If you do not confirm, please explain.
- c. For the "YR 1999 Estimate," please confirm that, rather than using the number of customers to estimate the number and duration of first-time calls and on-going calls per year, you could use the estimated number of transactions per year. If you do not confirm, please explain.

RESPONSE

- a. Confirmed.
- b. Confirmed.
- c. Not confirmed. Basing Technical Help Desk costs on the number of transactions per year would assume that all or a definite percentage of transactions requires follow up action to answer a technical question or problem. I do not feel it is reasonable to assume that a particular percentage of transactions will generate Technical Help Desk calls.

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OCA/USPS-T3-32. Please refer to USPS-LR-1/MC98-1, Attachment 2.

a. For the "ANNUAL COSTS, YR 1999," please confirm that the following represent labor, or labor-related, costs of providing the information technology services related to Mailing Online:

- i. Technical Help Desk Manager, \$100,000 (1 @ \$100,000);
- ii. Technical Help Desk Staff, \$180,000 (3 @ \$60,000);
- iii. Training for New Hires/Replacements, \$2,000 (2 @ \$1,000);
- iv. Program Manager (Primary and Secondary Processing), \$120,000 (1 @ \$120,000);
- v. System Manager (Primary and Secondary Processing), \$120,000 (1 @ \$120,000);
- vi. Data Base Administrator (Primary and Secondary Processing), \$150,000 (1.5 @ \$100,000);
- vii. Systems Administration (Primary and Secondary Processing), \$150,000 (1.5 @ \$100,000);
- viii. Application Software Support (Primary and Secondary Processing), \$200,000 (2 @ \$100,000);
- ix. "Install Equipment at addtl Print Sites," \$0 (40 hrs. @ \$65/hr. x 0 sites); and
- x. "USPS Equipment Maintenance at all Print Sites," \$52,000 (80 hrs. @ \$65/hr. x 10 sites).

If you do not confirm, please explain. Also, please identify and provide the estimated costs for any labor costs in Attachments 1 and 2 not identified in this part above.

b. Please confirm that the labor costs identified in part (a), subparts (i)-(x), above are labor costs for postal employees. If you do not confirm, please explain and identify those costs that are labor costs for other than postal employees.

RESPONSE

a. Confirmed.

b. Not confirmed. Labor costs identified in part (a), subparts (i-viii) are estimated labor costs for Postal Service employees. Subparts (ix-x) are estimates for contracted labor.

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OCA/USPS-T3-33. Please refer to USPS-LR-1/MC98-1, Attachment 2, page 18.

- a. Please explain why you treated the costs to "Install Equipment at Initial Print Sites - Labor" as a fixed cost, rather than a variable cost, in "YR 1999."
- b. Please explain why you treated the costs to "Install "Equipment at Initial Print Sites - Travel" as a fixed cost, rather than a variable cost, in "YR 1999."

RESPONSE

a-b. I treated all costs related to the set up of the Mailing Online service, including installing equipment at the initial print sites, as "fixed".

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS STIREWALT
TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE**

OCA/USPS-T3-34. Please refer to USPS-LR-1/MC98-1, Attachments 1 and 2, and the "NOTES" on page 18, which state:

All labor estimates are in resource years, not number of personnel.
Personnel are not assumed to be working full-time on Mailing Online.
Actual number of personnel assigned to Mailing Online over time will vary according to work load.

- a. Please define the term "work load."
- b. Please define the term "resource years."
- c. Please convert the number of resource years wherever they appear in Attachments 1 and 2 to the number of full-time equivalent (FTE) employees.
- d. Please explain the other duties, activities and responsibilities of the personnel assigned to Mailing Online, since such "Personnel are not assumed to be working full-time on Mailing Online."

RESPONSE

a. The current San Mateo technical help desk has a staff assigned to perform the functions described in my response to interrogatory MASA/USPS-T3-6 in support of all the systems operated at the San Mateo computer operations site. Individuals are not dedicated full-time in support of any one system. At any given point in time the staff of the technical help desk will be performing technical help desk functions in support of any number of systems. "Work Load" refers to the number of Technical Help Desk functions required to be performed at any given point in time.

b. I defined "resource year" as 1800 workhours.

c. In my testimony, the number of Help Desk staff resources per year was calculated based on an estimated number of work hours in a calendar year of 1800. Office of Management and Budget Circular 11 (1998), Section 13.3(c) states that "to determine FTE employment, the total number of regular hours (worked or to be worked) is divided by the number of compensable hours applicable to each fiscal year. For a year of 260

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compensable days, the divisor is 2080; and for 261 days, 2088." Given this, the following resource calculations would be affected by conversion to FTEs as shown in the following table:

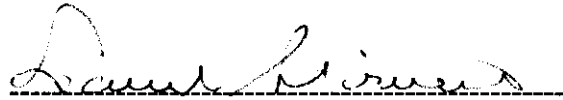
Year	1999	2000	2001	2002	2003
Compensable Days shown in OMB Circular 11, Section 13.3(c)	261	261	260	261	261
FTE Work Year	2088	2088	2080	2088	2088
Technical Help Desk Resources Hours shown in Attachment 1, page 11	2392	3238	4630	5875	5436
Technical Help Desk Resource FTEs	1.15	1.55	2.23	2.81	2.60

Note that FTEs are calculated for federal government fiscal years while the resources estimates in my testimony are for calendar years. I did not factor that difference into the the above table.

d. Refer to my response to part (a) above.

DECLARATION


I, Daniel Stirewalt, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

A handwritten signature in cursive script, appearing to read "Daniel Stirewalt", is written over a horizontal dashed line.

Dated: September 4, 1998

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.



David H. Rubin

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
September 4, 1998